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HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

Volume XII, No. 5 January 15, 1988

INDUSTRIAL PRODUCTION FIGURES

Product	Prod. in Jan-Nov 1987	Jan-Nov 87 as % of Jan-Nov 1986
Electricity (billion kw)	1,503	104%
Petroleum (incl. gas cond; mil tons)	571	102
Natural Gas (billion meters^3)	661	106
Coal (million tons)	693	101
Steel (million tons)	148	100.6
Fertilizer (million tons)	33.1	104
Metal-cutting tools (bil. rubles)	2.6	98
Robots (thousand units)	12.9	92
Computer tech. (billion rubles)	4.8	111
Tractors (million h.p.)	47.2	95
Paper (million tons)	5.7	100.2
Cement (million tons)	126	102
Meat (million tons)	10.1	105
Margarine (million tons)	n.a.	n.a.
Watches (million units)	64.3	100.9
Radios (million units)	7.4	90
TV sets (million units)	8.2	95
Automobiles (million units)	1.2	100.4

INDUSTRIAL PRODUCTION RESULTS FOR THE FIRST 11 MONTHS OF 1987

The last part of 1987 has been a time of transition. As the readers of this newsletter are undoubtedly aware, on January 1, 1988 Gorbachev's economic reforms were implemented, or at least some version of them, in enterprises producing 60% of Soviet industrial output. It is useful to look at the last few months of 1987 to see just what the conditions were for the launching of these reforms.

It is difficult to make a generalization. There are evidently some strengths in industrial output, but also some weaknesses. The strengths, for example, include the fact that coal production, which has lagged periodically, seems to be increasingly robust. While there is only a one percent increase for the first 11 months of the year, coal output in the month of November 1987 increased over 8% from what it had been in November 1986. Gas output increased in a similar way, although the overall output for the 11 months is up 6%. While not as impressive, electricity generation is also up almost 6% for the month of November, although up only 4% for the whole 11 month period.

Complementing such increases in industrial output were similar pockets of growth in the consumer sector. Production of washing machines rose and two new categories of products, at least for Soviet statistical reporting, disposable paper products, which were up 8% for the year, and wallpaper, which was up 15% for the year, also performed quite well. These last two items, by the way, reflect Gorbachev's determination to make more goods available on the consumer side.

As for other industrial sectors, the news is not quite so good. Petroleum production for the month of November seemed to be constant compared to what it had been in 1986, although for the year as a whole, output is up about 2%. Similarly, steel production is the same as it was before.

More serious in nature is the fact that the Soviets are still having trouble adjusting to the quality inspection process (gospriemka). In November 1987, .4% of industrial output was rejected. Officially that is supposed to amount to just 50 million rubles, but the complaints still continue to come in. Moreover, the Soviets list a large number of important ministries which are having difficulty meeting their quality targets. For example, they single out the Ministry of Machinery Tool and Tool Building Industry, the Ministry of Chemical and Petroleum Machine Building, and the Ministry of Instrument Making, Automation Equipment, and Control Systems.

Equally distrurbing is the fact that one in three enterprises and trade associations has been unable to meet its contract commitments. One of the features of

the reform is that more and more enterprises will be operating on the basis of contracts. If even now only one out of three can meet its targets, significant problems may be on the horizon.

Perhaps the most disturbing note of all is that there appear to be serious problems in the retail trade sector. During a visit to Moscow in early December, I was told that for the first time in memory, there was no meat in the diplomatic Beriozka stores. Since these stores are usually at the top of the priority list, it is likely that meat supplies were in even shorter supply at lower levels. I did see some meat in a Soviet store, but it looked awfully tired. Justification for concern is further supported by the fact that the official statistics indicate that the retail trade plan was only 96.5% fulfilled. This suggests that either retail trade was stagnant or indeed did drop. That is hardly the way to win friends and support for the reforms.

CORPORATE SPONSOR SEMINAR: SOVIET AGRICULTURE UNDER MIKHAIL GORBACHEV

The third Corporate Sponsor conference of the year will be held on February 1. Given the fact that the Soviets seem to be showing more interest in importing grain and other agricultural products, the conference comes at a particularly appropriate time. Among the speakers will be representatives from the U.S. Department of Agriculture who have just returned from negotiations with the Soviets. The morning panels will feature U.S. businessmen who have been engaged in joint ventures discussions, as well as those with extensive experience in selling to the Soviet Union. A member of the Soviet trade representation to the USA will be our final speaker of the day. Please note that the starting time of the conference has been moved back to 10:00 a.m. Applications and programs are included in this mailing.

ARDEN HOUSE 1988: "DETENTE REVISITED?"

The 12th annual Arden House Conference on American-Soviet Relations is scheduled for March 12 through 27, 1988. For those of our readers who are not familiar with Arden House, the conference is sponsored jointly by Harvard's Russian Research Center and the Harriman Institute of Columbia University. This year's program topic is "Detente Revisited?" and promises to yield an exciting and stimulating weekend of panels and discussions. We are pleased to announce that our keynote speaker will be Ambassador Jack Matlock and our congressional panel will include Senator Timothy Wirth and Congressmen Steny Hoyer and Les AuCoin. Panel topics include "The Process of Democratization," "Ramifications of Glasnost'," "After the Summit: What's Next in Arms Control," "The Soviet Union in the International Business Community," and "The State of Economic Reform." A program and application form will be mailed out to all our readers before the 1st of February. We apologize for the delay, but we are waiting for a confirmation from one more speaker. For further information, contact Marshall Goldman or Catherine Reed at (617) 495-4038.

PERESTROIKA AT THE RUSSIAN RESEARCH CENTER?

While we wouldn't want anyone to think that we have decided to become a profit-making organization (we have been accused of this when we try to promote our T-shirts), we must make a pitch for a new game, **Russian Roulette.** It is one of the funniest games we have seen, with the goal being the accumulation of enough years of experience to be elected to the Politburo. Years are gained or lost by risk cards which range from "KGB Chief dislikes you ... lose one year" to "Become a candidate member of the Politburo ... gain four years." What draws us particularly to promoting the game is the fact that its originator, Myron Beckenstein, came up with the idea while waiting for a plane after one of our conferences. As he put it, "This is probably one of the more unexpected spinoffs of your meetings." Understanding what a pain it is to wait at Logan airport, we want to do everything we can to make it up to him. For those interested, you should write to The Other Leading Brand Companies, 6281 Tufted Moss, Columbia, MD 21045. The cost of the game is $20.00, with a $2.50 shipping fee. It really is fun!

SOVIET OBSERVER MAKES ITS DEBUT

The Soviet Observer is a new newspaper dealing with all aspects of Soviet affairs: trade, economy, society and the arts. It is edited by a former NATO economic analyst and one-time affiliate of the Russian Research Center, Philip Clendenning. Articles will include translations from leading Soviet journals, Ogonek, EKO, Gosudarstvo i Pravo, Kommsomolskaia Pravda and others, abstracts, indepth special features, and reviews of recent Soviet books, plays, and films. 26 issues per year; rate: $85.00 (includes postage). Write for a sample issue or subscribe: The Soviet Observer, 66 Clyde Street, Newton, MA 02160 (617) 964-2818.

FOREIGN EXCHANGE INFORMATION

RUBLES PURCHASED PER 100	NOV 11	DEC 2
Austrian shilling	5.13	5.18
UK pound	107.69	108.95
FRG mark	36.13	36.38
US dollar	60.35	59.58
French franc	10.65	10.68
Japanese yen	.447	.450
Italian lira	.0490	.0493
Swiss franc	43.81	44.34

The Russian Research Centers takes no official stand on any economic or political trend. The views and analyses appearing in this newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editors, Marshall I. Goldman and Catherine Reed.
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HARVARD-COLUMBIA
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DETENTE REVISITED?

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12th Annual Arden House Conference
March 25-27, 1988

Please enroll me as a participant in the 1988 Arden House Conference:

Name: _____
First Middle Last

Title or position: _____

Affiliation/business: _____

Business address: _____

City _____ State _____ Zip code _____

Home address: _____

City _____ State _____ Zip code _____

Business phone: ( ) _____

Home phone: ( ) _____

Registration fee:

___ Single room $1000
___ Half of a double room $900

Transportation from New York City to Arden House:

Please sign me up for:
(circle one)

($25.00 roundtrip fee)

(1) Bus departing from the Eastern Airlines Shuttle Terminal baggage claim area at LaGuardia at 3:20 p.m., Friday, March 25, 1988.
(2) Bus departing from Bryant Park, 42nd Street and Avenue of the Americas (bus will be on the east side, between 41st and 42nd, facing north) at 3:30 p.m., Friday, March 25, 1988. (*Buses will shuttle people from Arden House to location 1 or 2 on Sunday, March 27, 1988 at 1:00 p.m.*)
(3) I will have my own transportation.

Indicate where you would like to sit in the conference room: Smoking / Nonsmoking.

Please indicate if you have any special dietary needs: _____

_____

Return completed form and payment (checks should be made payable to the Russian Research Center, Harvard University) to:

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